

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

INDECK KEYSTONE
ENERGY, LLC, a Delaware limited liability
company,

Plaintiff,

v.

VICTORY ENERGY
OPERATIONS, LLC, a Delaware limited
liability company,

Defendant.

CIVIL ACTION

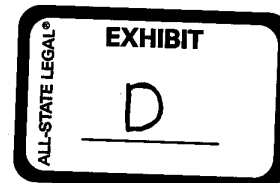
NO. 04-CV-325 (ERIE)

Judge Sean J. McLaughlin

JURY TRIAL DEMANDED

DECLARATION OF TERRY S. PAWLOWSKI

1. I am the Chief Engineer for Plaintiff, Indeck Keystone Energy, LLC ("IKE").
2. I was first employed in the power generation equipment industry in 1981. Before I accepted employment with IKE, I was employed by Erie Power Technologies, Inc. ("EPTI"). Prior to that, I was employed by Aalborg Industries, Inc., and before that, Zurn Industries, Inc.
3. I make this declaration upon personal knowledge and information that has been provided to me in the ordinary course of my duties as Chief Engineer for IKE, and from my duties with EPTI.
4. I understand that Victory Energy Operations, LLC ("VEO") has a license to market, manufacture and distribute the Keystone® "M" series standard package water tube boiler with rated capacity limits of between 29,000 and 150,000 lbs. of steam per hour, steam temperatures up to and including 750° Fahrenheit, and design pressures up to and including 1,200 lbs. of steam per square inch (hereinafter, the "Old-Style Boilers").



5. I also understand that in connection with that license, EPTI provided to VEO various drawings, data and technical information regarding the design, rating, construction, operation and performance of Old-Style Boilers.

6. In its most basic form, the three major components of an Old-Style Boiler are the burner, tube bundle and steam drum. The burner generates heat, the tube bundle allows the water to absorb the heat to create steam, and the steam drum provides the volume necessary to separate water vapor from the liquid water.

7. In its most basic form, a Heat Recovery Steam Generator ("HRSG") is essentially a tube bundle and a steam drum, without its own self-contained burner or heat source. Instead of obtaining heat from a burner that is contained within the unit itself, an HRSG obtains heat from an external source, such as waste gas from a combustion turbine.

8. Accordingly, the steam drum components of an Old-Style Boiler can, and actually have been, adapted for use in an HRSG. Once the burner or firing equipment is removed from the front of the Old-Style Boiler, a duct or opening may be attached to it, so as to enable the tube bundle to receive flue gas from an external heat source, such as a combustion turbine.

9. Where greater steam purity is required for a particular application, certain components may be added to the steam drum components of an Old-Style Boiler. One such component is a "Vortex steam separator." The Vortex steam separator is a cyclone type separator through which the steam passes to further separate water vapor from liquid water.

10. Another such component is a "Chevron steam separator." The Chevron steam separator is a series of corrugated metal segments through which the steam passes to further separate water vapor from liquid water.

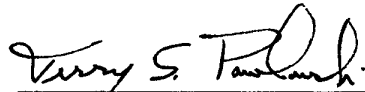
11. The design, construction and operation of the Vortex steam separators and Chevron steam separators involve trade secrets and proprietary data that were developed and refined by EPTI (and its predecessors) over the course of several decades.

12. I understand that in connection with VEO's license, EPTI provided to VEO various drawings, data and technical information regarding the design, rating, construction, operation and performance of Vortex steam separators and Chevron steam separators.

13. Use of the Vortex steam separators and Chevron steam separators is not limited to Old-Style Boilers. To the contrary, Vortex steam separators and Chevron steam separators can be used in virtually any water tube boiler, steam generator and/or process steam drum.

14. I am aware that I have been identified in this Court's Protective Order as one of the IKE representatives to whom "Highly Confidential" materials may be disclosed. If I am provided with any "Highly Confidential" materials from VEO in this action, I will abide by the terms of the Protective Order, and certify my compliance in writing, as required therein.

15. I declare under penalty of perjury that the foregoing is true and correct.


Terry S. Pawlowski

Executed on June 29, 2005.